

Indiana Legislative Services Agency

Fiscal Issue Brief

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Indiana's Geographically Targeted Development Programs: Certified Technology Parks

Introduction

The Certified Technology Park (CTP) program was established by P.L. 192-2002(ss) [IC 36-7-32] to facilitate the location of businesses involved in high-technology activity to Indiana and significant job creation by these businesses. Pursuant to the statutes authorizing the CTP program, high-technology business activity suitable for a CTP includes activities involving the following:

1. Advanced computing.
2. Advanced materials.
3. Biotechnology.
4. Electronic device technology
5. Engineering or laboratory testing related to product development.
6. Technology relating to the assessment or prevention of health or environmental threats.
7. Medical device technology.
8. Product research and development.
9. Advanced vehicles technology.

A CTP must be proposed by a county, municipality, or township with the CTP comprising territory under the jurisdiction of the local unit's redevelopment commission. In addition, a CTP proposed by a local unit must be designated by the Indiana Economic Development Corporation (IEDC).¹ CTP designation must be predicated on the business activity and level of job creation by the business. CTP designation also may be predicated on the level of support or commitment of certain facilities, services, activities, or funding from:

1. An institution of higher education.
2. A private, research-based institute.
3. A military research and development or testing facility on an active U.S. military base or other military installation.

A local unit operating a CTP is authorized to make various public improvements in the CTP, such as infrastructure improvements and construction of various facilities, including business incubator facilities. To fund the public improvements, territory in a CTP may be designated as a tax increment finance area (TIF). In addition, CTPs are allowed to capture Sales Tax and Income Tax revenue.

¹ Until 2005, the Indiana Department of Commerce approved, reviewed, and monitored the CTP program.

Locations

Since the inception of the program, 23 CTPs have been designated, with the first established in Anderson and the latest established in Indianapolis (City Way), Seymour, and Warsaw. Table 1 provides a list of Indiana's CTPs along with the designation and recertification dates of each.

Table 1: Certified Technology Park Locations, Designation Years, and Recertification Dates.

Location	Year of Designation	Recertification Date	Location	Year of Designation	Recertification Date
Anderson	2003	Pending	Richmond	2004	Pending
Bloomington	2005	Pending	Scottsburg	2004	Pending
Columbus (Info Tech)	2004	2010	Seymour	2012	Scheduled for 2016
Columbus (Downtown)	2010	Scheduled for 2014	Shelbyville	2003	2011
Crown Point/Merrillville	2006	2010	South Bend	2009	Pending
Evansville	2004	Pending	Terre Haute	2004	Pending
Fort Wayne	2003	Pending	Warsaw	2012	Scheduled for 2016
Hammond	2003	Pending	West Gate at Crane Naval Warfare Center	2006	2011
Indianapolis (IU)	2003	Pending	West Lafayette	2003	Pending
Indianapolis (Intech/Ameriplex)	2005	2011			
Indianapolis (CityWay)	2011	Scheduled for 2015			
Jeffersonville	2005	2009			
Kokomo	2004	Pending			
Muncie	2004	Pending			

Source: Indiana Economic Development Corporation, September 2012.

Review and Recertification

CTPs are subject to the review of the IEDC and must be recertified every four years. A CTP must provide the following information for purposes of the review:

- (1) Total employment and payroll levels for all businesses operating within the CTP.
- (2) The nature and extent of any technology transfer activity occurring within the CTP.
- (3) The nature and extent of any nontechnology businesses operating within the CTP.
- (4) The use and outcomes of any state money made available to the CTP.
- (5) An analysis of the CTP's overall contribution to the technology-based economy in Indiana.

The IEDC may terminate or rescind the designation of an area as a CTP if the local redevelopment commission or the legislative body of the local unit that established the redevelopment commission does not comply with the terms of the agreement made with the IEDC.

Sales and Income Tax Capture by CTPs

CTPs are authorized to capture incremental revenue from Sales Tax, state Income Tax, and local option income taxes generated in the CTP. While there is no annual incremental revenue capture limit for CTPs, there is a lifetime capture limit applicable to each CTP. The maximum amount of incremental Sales Tax, state Income Tax, and local option income tax revenue that a CTP may capture during its lifetime is \$5 M. As of FY 2011, four CTPs had reached the lifetime capture limit (Evansville, Indianapolis (IU), Richmond,

and West Lafayette). Captured revenue from each CTP is deposited in the CTP's incremental tax financing fund administered by the Treasurer of State. The captured revenue is transferred from the incremental tax financing fund to the CTP fund established by the local redevelopment commission that has jurisdiction over the CTP. Table 2 reports the annual total revenue captured by each CTP from Sales Tax, state Income Tax, and local option income tax since the incipience of the program. From FY 2003 to FY 2011, the CTPs captured \$42.9 M in Sales Tax and state Income Tax revenue and \$11.3 M in local option income tax revenue.

Table 2: Revenue Captured by Certified Technology Parks, FY 2003-2011.

Location	2003-06	2007	2008	2009	2010	2011	Total
Anderson	980,612	518,804	83,542	-	-	75,975	1,658,933
Bloomington	53,883	117,921	213,615	873,912	512,790	686,552	2,458,673
Columbus (Info Tech)	-	-	-	-	-	1,513,247	1,513,247
Columbus (Downtown)	-	-	-	-	-	781,007	781,007
Crown Point/Merrillville	-	129,735	433,560	411,270	483,565	480,873	1,939,003
Evansville	4,691,456	308,544	-	-	-	-	5,000,000
Fort Wayne	207,380	331,557	337,376	318,133	337,053	376,983	1,908,482
Hammond	-	-	-	1,056,930	1,094,322	630,175	2,781,427
Indianapolis (IU)	5,000,000	-	-	-	-	-	5,000,000
Indianapolis (Intech/Ameriplex)	618,473	-	-	-	-	-	618,473
Jeffersonville	306,083	378,613	493,543	608,894	687,506	842,179	3,316,818
Kokomo	106,188	96,214	191,001	260,622	241,354	178,331	1,073,710
Muncie	752,548	963,462	483,923	174,877	255,258	107,454	2,737,522
Richmond	423,824	814,935	943,528	1,575,540	1,242,173	-	5,000,000
Scottsburg	1,328,445	522,962	698,822	1,061,055	516,491	66,613	4,194,388
Shelbyville	247,526	251,095	206,952	366,067	447,681	434,597	1,953,918
South Bend	-	-	-	-	-	812,791	812,791
Terre Haute	1,280,625	487,649	-	-	-	-	1,768,274
West Gate at Crane Naval Warfare Center	-	51,393	131,793	1,362,922	1,573,673	1,563,364	4,683,145
West Lafayette	2,027,987	1,058,963	1,118,926	794,125	-	-	5,000,000
TOTAL	18,025,030	6,031,847	5,336,581	8,864,347	7,391,866	8,550,141	54,199,811

Source: Indiana Department of State Revenue.

Table 3 reports the sources of captured revenue for the CTPs that captured revenue during FY 2010 and FY 2011.

Table 3: Revenue Capture by Source for Certified Technology Parks, FY 2010-2011.

	State Income Tax	State Sales Tax	CAGIT	COIT	CEDIT	Total
Anderson						
FY 2010	-	-	-	-	-	-
FY 2011	55,551	-	-	16,339	4,085	75,975
Bloomington						
FY 2010	263,410	168,807	-	80,573	-	512,790
FY 2011	376,082	195,433	-	115,037	-	686,552
Columbus (Info Tech)						
FY 2010	-	-	-	-	-	-
FY 2011	1,106,461	-	325,429	-	81,357	1,513,247

Table 3: Revenue Capture by Source for Certified Technology Parks, FY 2010-2011 (continued).

	State Income Tax	State Sales Tax	CAGIT	COIT	CEDIT	Total
Columbus (Downtown)						
FY 2010	-	-	-	-	-	-
FY 2011	571,059	-	167,958	-	41,990	781,007
Crown Point/Merrillville						
FY 2010	483,565	-	-	-	-	483,565
FY 2011	445,528	35,345	-	-	-	480,873
Fort Wayne						
FY 2010	260,450	-	-	45,962	30,641	337,053
FY 2011	291,305	-	-	51,407	34,271	376,983
Hammond						
FY 2010	1,088,850	5,472	-	-	-	1,094,322
FY 2011	630,175	-	-	-	-	630,175
Jeffersonville						
FY 2010	449,252	40,055	132,133	-	66,066	687,506
FY 2011	560,384	34,566	164,819	-	82,410	842,179
Kokomo						
FY 2010	150,344	12,548	-	69,786	8,676	241,354
FY 2011	112,247	5,550	-	54,099	6,435	178,331
Muncie						
FY 2010	90,839	136,366	-	16,030	12,023	255,258
FY 2011	-	107,454	-	-	-	107,454
Richmond						
FY 2010	675,318	268,920	248,279	-	49,656	1,242,173
FY 2011	-	-	-	-	-	-
Scottsburg						
FY 2010	-	516,491	-	-	-	516,491
FY 2011	37,575	16,218	-	11,052	1,768	66,613
Shelbyville						
FY 2010	327,337	-	96,275	-	24,069	447,681
FY 2011	317,770	-	93,462	-	23,365	434,597
South Bend						
FY 2010	-	-	-	-	-	-
FY 2011	525,269	-	-	222,112	65,410	812,791
West Gate at Crane Naval Warfare Center*						
FY 2010	1,105,585	-	238,194	107,694	122,200	1,573,673
FY 2011	1,102,744	-	227,138	114,101	119,381	1,563,364

*The West Gate CTP captures CAGIT revenue from Daviess County and COIT revenue from Greene County and Martin County.
Source: Indiana Department of State Revenue.

Deduction for Personal Property in CTPs

Under current statute, a county fiscal body may adopt an ordinance to provide a deduction equal to 100% of the assessed value of qualified personal property located in a CTP. The deduction may be provided for a minimum of 2 years and a maximum of 10 years. To qualify for the deduction, the personal property: (1) must be assessed for the first time after December 31, 2010; (2) must be primarily used to conduct high-technology activity as defined by the CTP statutes; (3) may not be part of the assessed value in a TIF area that is used to pay the principal and interest of bonds or lease rentals; and (4) may not be used primarily for routine administrative purposes such as office communications, accounting, record keeping,

and human resources. No deductions were granted for 2012 property taxes, which was the first year the deduction could have been granted.

**Indiana Legislative Services Agency
Office of Fiscal & Management Analysis
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Telephone: (317) 233-0696**

Authors: Jim Landers, Ph.D., Senior Fiscal/Program Analyst; Jessica Harmon, Senior Fiscal/Program Analyst.